

**EXHIBIT 122 TO
HARVEY DECLARATION
REDACTED VERSION**

Produced in Native

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WORK IN PROGRESS

Project Big Bang: Compensation Levers to Address Attrition

OC Meeting #2: August 31, 2010

Agenda

- OC discussion on acceptable level of regretted attrition, pay mix and magnitude
- Review strawman model and gather feedback
- Confirm appropriate next steps (e.g., additional research / analysis)





Attrition remains a growing concern

Overall quarterly attrition is increasing

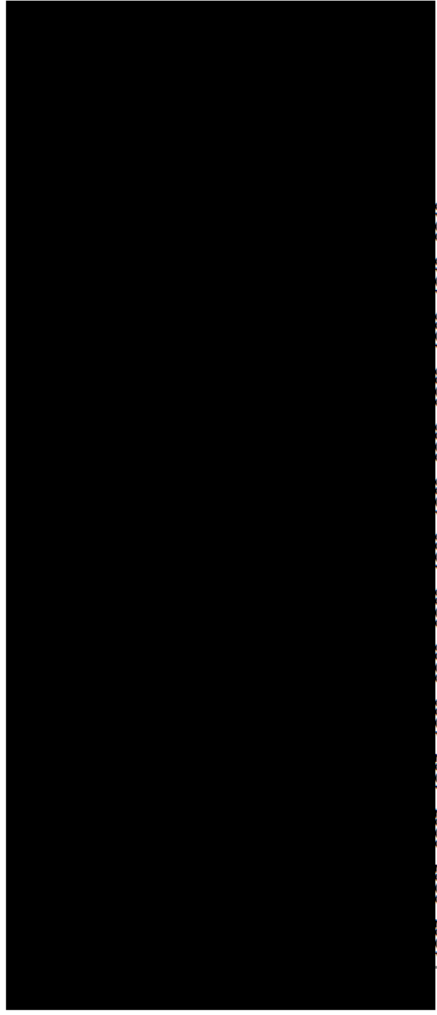
Trailing 4Q total attrition: [REDACTED]

Trailing 4Q regretted attrition: [REDACTED]



2006 3Q06 4Q06 1Q07 2Q07 3Q07 4Q07 1Q08 2Q08 3Q08 4Q08 1Q09 2Q09 3Q09 4Q09 1Q10 2Q10

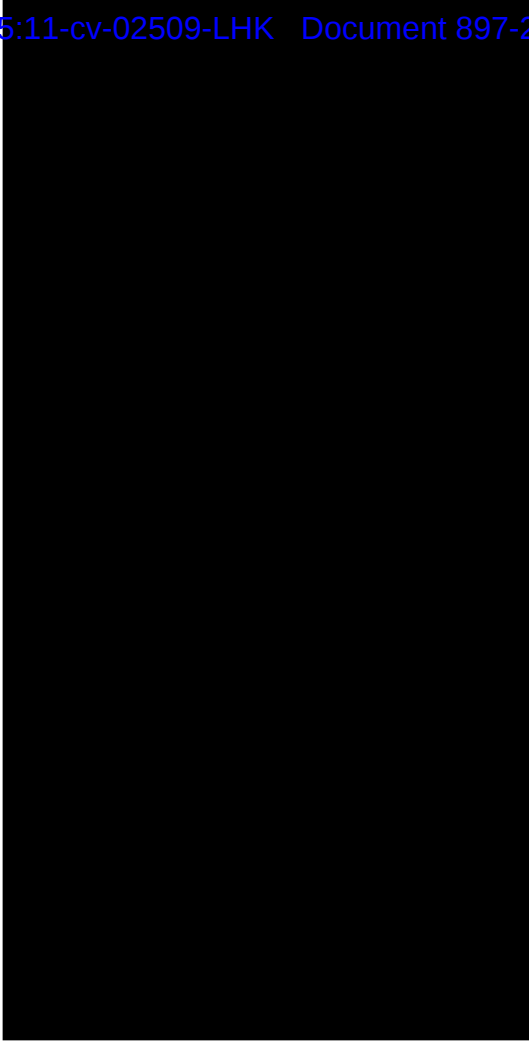
Facebook counteroffer wins [REDACTED]



1Q07 2Q07 3Q07 4Q07 1Q08 2Q08 3Q08 4Q08 1Q09 2Q09 3Q09 4Q09 1Q10 2Q10

Forever attrition generally tracks to broad regretted attrition

Trailing 4Q forever attrition: [REDACTED]



OC Discussion:

What is an acceptable level of regretted attrition?

Attrition could be partially mitigated through compensation levers

Compensation Lever	Guiding Principles Discussion	Overview

New proposal may reduce attrition and provides meaningful salary increases while limiting margin impact and keeping cost neutral (\$6B)

	Salary	Bonus	Equity Refresh	"Wow" Factor	Total Comp
OC Ask					
Proposal					
Spend & Op Margin Impact					
Googler Impact					

1. Operating margin impact reflects 2010 forecast as of July 7; revenue = [REDACTED], non-GAAP operating margin = [REDACTED], operating margin = [REDACTED]
2. Subject to Board approval

Example compensation mechanics impact under cash and equity bang to SWE ladder (US - individual contributor)



NOT READY FOR REVIEW:
Break out annual vs. discretionary vs. mega
Build in new equity %s

Equity Bang

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Current Compensation

Estimated Annual Compensation

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(cashflows in \$000s)

Proposed Annual Compensation

% Δ

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Performance differentiation

Insert three charts to show comp impact under three perf scenarios
(3.0, 3.4, 4.0)

NOT READY FOR REVIEW:
Update bullets
Add text on EE+ contract idea



Considerations to address during future OC meetings

Risks	Implementation Considerations
<ul style="list-style-type: none">• [Redacted]• [Redacted]	<ul style="list-style-type: none">• Board<ul style="list-style-type: none">▪ [Redacted]▪ [Redacted]• Revamping Compensation Systems<ul style="list-style-type: none">▪ [Redacted]▪ [Redacted]▪ [Redacted]▪ [Redacted]• People-Related Issues<ul style="list-style-type: none">▪ [Redacted]▪ [Redacted]• Legal and Regulatory Issues<ul style="list-style-type: none">▪ [Redacted]▪ [Redacted]

Appendix

Equity Impact



INSERT CHART WITH NEW EQUITY INFO: CURRENT VS. NEW BY



Dilution

NOT READY FOR REVIEW:
Need to add charts



INSERT DILUTION IMPACT

INSERT PEER DILUTION %S

Both proposals are total spend cost-neutral (\$6.1B); however, cash spend and margin impact varies



NOT READY FOR REVIEW:
Numbers need to be updated

Component	Current	Equity Bang
Salary		
Bonus		
Discretionary Bonus		
Total Cash		
Op Margin Impact ¹		
Equity Budget ²		
Total		

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1. Operating margin impact reflects 2010 forecast as of July 7; revenue = [REDACTED], non-GAAP operating margin = [REDACTED], operating margin = [REDACTED]
2. 2010 actual dilution estimated at [REDACTED]
3. Subject to Board approval

Slide Graveyard

Two proposals address attrition via compensation, but the primary pay vehicle (cash, equity) varies for each



	Cash Bang	Equity Bang
"Wow" Factor	<div></div>	
Salary		
Bonus Targets		
Company Multiplier		
Equity Refresh		
Total Cost		
Op Margin Impact		
Improve Pay Predictability		
Implementation		